



# NORTH WALSHAM TOWN COUNCIL

## Financial Risk Management

Adopted by the Council at its meeting held on 30.6.15

### 1 Introduction

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- 1.1 Financial risks can be managed by effective internal controls, Standing Orders and Financial Regulations, and by insurance.
- 1.2 These controls are subject to change throughout the year

### 2 Internal Financial Controls

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#### 2.1 Petty Cash Handling:

- The amount of Petty Cash held is limited to a maximum of £250 at any one time.
- Any such cash is held in a secured place.
- A receipt is obtained for all petty cash payments made.
- Petty cash is balanced on a monthly basis.

#### 2.2 Cash and cheque receipts:

- All cash and cheques received are entered into a receipt book.
- Cash and cheques receipts are banked regularly
- All receipts are balanced monthly with a bank reconciliation.

#### 2.3 Income:

- Income is monitored regularly and reported if any payments due are in arrears.
- Market pitches are invoiced on a regular basis.
- The RFO ensures that budgets are prepared in time to make a recommendation to Full Council, so the Precept can be submitted on time.
- Sufficient funds are held in the General Reserves to ensure that payment of all necessary expenditure can be met for at least six months.
- Earmarked reserves: The level of earmarked reserves is assessed annually.
- Recovery of VAT is reclaimed quarterly.

#### 2.4 Expenditure

- All payments are presented to Full Council for approval usually on a monthly basis.
- In accordance with the Council's Standing Orders, all cheques require two signatures.
- Cheque signatories have sight of the invoice/documentation, and one Councillor signatory must initial the invoice and cheque stub.
- Direct Debit/Card payments paperwork should also be initialed by a Councillor who is a bank signatory.

## 2.5 Salary Payments:

- These are paid by Standing Order, approved at annual council meeting, and signed by the RFO.
- Salaries are paid by a payroll software, these are checked by the RFO to ensure the correct salary is paid and the correct pension, tax and national insurance deductions are made.
- Variations to salaries, including any increases or bonus payments actioned, following approval at the Personnel Committee AND ratification by the full Council
- Access to the payroll system is password-protected to ensure security of data.
- Right Time Information is submitted to the HMRC through the payroll system.

## 2.6 Council Bank Accounts:

- The Council maintains three bank accounts:
  - Main Current account
  - Wages account
  - Business reserve account
- The retained balance for the current account is £50,000 by automatic transfer to and from the business reserve account. Similarly, the wages account balance is £500 with automatic transfers to and from business reserve account.

## 2.7 Bank reconciliations:

- Bank reconciliations are carried out monthly. The Responsible Finance Officer monitors these to ensure that they agree with the monthly bank statements.

## 2.8 Scrutineer:

- A nominated Councillor will be appointed as a Scrutineer, auditing the accounts and checking bank reconciliations on a quarterly basis.
- A sample of payments and income, including markets and burials are be picked quarterly to make sure they have been dealt with correctly, have an audit trail and signed accordingly.

## 2.9 Reporting to Members:

- A list of payments and receipts for the previous month is reported at the monthly Council meeting.
- A list of expenditure to date for the current month is reported at the monthly Council meeting.

## 2.10 Other Risks:

- The Council Offices are protected by a fire alarm, secured by an intruder alarm and CCTV.
- Important documentations are stored in a locked vestibule.
- Office staff are trained on matters concerning Freedom of Information and Data Protection.
- All computers are individually password protected
- Data files are stored on a cloud-based server, protected with individual passwords

## 2.11 Financial risk management through insurance:

- Staff Fraud - Potential losses arising as a result of dishonesty by staff (fraud) are managed through the Fidelity Guarantee as part of the Council's insurance policy. The limit is equivalent of 50% of the reserves plus 50% of the annual budget.
- Assets: This is managed through the Council's insurance, and is reviewed annually.